



STATE OF IOWA

CHESTER J. CULVER, GOVERNOR
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DEPARTMENT OF HUMAN SERVICES
CHARLES J. KROGMEIER, DIRECTOR

INFORMATIONAL LETTER NO. 964

DATE: November 10, 2010

TO: Iowa Medicaid Providers Billing on CMS 1500 Claim Forms

ISSUED BY: Iowa Department of Human Services, Iowa Medicaid Enterprise (IME)

RE: Billing Discarded Drugs and Biologicals

EFFECTIVE: December 1, 2010

The purpose of this letter is to advise on proper billing procedures for the reporting of discarded amounts of drugs and biologicals. Iowa Medicaid will cover quantities of a drug that are deemed medically reasonable and necessary based on the patient's condition. When a provider discards the remainder of a vial, after administering a portion to a patient, the Iowa Medicaid program may cover a small, but reasonable amount of the discarded drug, along with the amount actually administered. Providers should make an effort to schedule patients in such a way that they can minimize waste and use the drug most efficiently.

To report both the amount of the drug administered and the amount discarded, the provider should bill the appropriate J-code on two separate claim lines. One line should reflect the actual number of units of the drug or biological that was actually administered to the patient. The "JW" modifier should be appended on the subsequent line and the number of units billed should reflect the amount of the drug or biological that was discarded, and not able to be or actually administered to any other patient.

Modifiers serve as a tool to communicate specific information to a payer without having to attach additional documentation. The JW modifier provides information that allows us to differentiate between the amounts of the drug that were administered versus those that were discarded and will result in more accurate and expedient processing of these claims.

If you have any questions, please contact the IME Provider Services Unit at 1-800-338-7909 or locally (in Des Moines) at 256-4609, or e-mail at imeproviderservices@dhs.state.ia.us.